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Testimony of the American Council of Life Insurers  
Before the Insurance and Real Estate Committee  
Thursday, March 1, 2012

House Bill 5226 - An Act Concerning Insurance Premium Payment Schedules

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments in opposition to House Bill 5226 - An Act Concerning Insurance Premium Payment Schedules. The legislation before you would require life insurers to provide their applicants and insureds, on an annual basis, the option of quarterly, semiannual, or annual premium payment schedules.

In the best interest of consumers and for the convenience of policyholders, many life insurers provide for different modes of payment and billing to be elected at the time of application. In some instances, depending on the type of product, the payment schedule may be changed at the request of the owner. However, certain single-premium and other specific products may require either a more frequent or less frequent payment schedule than would be permitted should the bill be enacted.

Moreover, the requirement to provide an annual notice to policyowners offering an opportunity to change the payment schedule or billing option would be administratively burdensome for insurance carriers and confusing to consumers. Not only would the requirement would generate printing and mailing costs, but certain policyholders, those that pay their premiums through monthly bank drafting for example, would be confused by receiving this type of notice.

With a large number of products to choose from in the Connecticut insurance marketplace, consumers can find a life insurance policy which fits both their financial requirements and their payment needs. Therefore, we urge rejection of House Bill 5226.

Thank you for considering our position in opposition to House Bill 5226 regarding premium payment schedules. Please contact John Larkin at 860-430-5928 or Kate Kiernan at 202-624-2463 with questions.

*ACLI is a national trade association with more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. ACLI members represent more than 90 percent of the assets and premiums of the life insurance and annuity industry. There are 237 ACLI member companies licensed to do business in Connecticut, accounting for 91 percent of the ordinary life insurance in force in the state.*

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